

Message Text

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ORIGIN OPIC-06

INFO OCT-01 EA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

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DRAFTED BY OPIC/ID/NEA:AMKRAMISH:YKR

APPROVED BY EB/IFD/OIA:RJSMITH

OPIC/ID/VP:GRCOOPER

EB/IFD/OIA:DHSTEBBING

OPIC/P:MTMAYS

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FM SECSTATE WASHDC

TO AMEMBASSY BANGKOK PRIORITY

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E.O. 11652: N/A

TAGS: EINV

SUBJECT: OPIC'S POLICY ON INVESTMENT IN THAILAND

REF: BANGKOK 15713

1. AT OPIC'S INITIATIVE AND PURSUANT TO LEGISLATION CALLING FOR PRIVATIZATION OF INSURANCE WITHIN A FIXED TIMETABLE, THERE HAS BEEN CONSTITUTED AN OVERSEAS INVESTMENT INSURANCE GROUP (GROUP) CONSISTING OF 12 PRIVATE INSURERS AND OPIC. THE GROUP, WHICH PARTICIPATES IN EACH RISK, HAS EXPRESSED ITS CONCERN REGARDING INCREASED INSURANCE EXPOSURE IN THAILAND. ACCORDINGLY, OPIC, AS AGENT FOR THE GROUP, HAS DECIDED NOT TO ISSUE NEW INSURANCE IN THAILAND IN EXCESS OF AVERAGE AMOUNTS ISSUED OVER RECENT YEARS OR APPROXIMATELY 7,000,000 DOLLARS

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ANNUALLY. AVERAGE RATE OF REDUCTIONS AND CANCELLATIONS OF

EXISTING INSURANCE IN THAILAND HAS BEEN APPROXIMATELY
2 MILLION DOLLARS ANNUALLY.

2. AT PRESENT, OPIC HAS REQUESTS FOR INSURANCE ON PROBABLE
INVESTMENT OF 14 MILLION DOLLARS DURING THIS FISCAL YEAR.
INVESTORS INCLUDE DOW, ROHM AND HAAS, DRESSER AND
CONTINENTAL. OPIC HAS ADVISED THESE INVESTORS THAT IT

WILL APPORTION AVAILABLE INSURANCE. THIS, IN EFFECT,

MEANS THAT EACH INVESTOR WILL BE INSURED FOR
APPROXIMATELY 50 PER CENT OF HIS INVESTMENT WITH NO
RETAINED EARNINGS COVERAGE. OPIC EXPECTS TO KEEP OPEN
EACH CASE FILE SO THAT ADDITIONAL INSURANCE, WITHIN THE
CEILING, CAN BE PROVIDED IN THE FUTURE, AT OPIC'S
OPTION.

3. YOUR VIEWS REGARDING THE INVESTMENT CLIMATE IN
THAILAND WILL BE BROUGHT TO THE ATTENTION OF THE GROUP'S
UNDERWRITING COMMITTEE WHICH MAY WISH TO CONSIDER SOME
INCREASE IN EXPOSURE. AT THIS TIME, OPIC WOULD NOT
REPEAT NOT BE ABLE TO PROVIDE EFFECTIVE COVERAGE ON A
ZINC SMELTER OF THE MAGNITUDE STATED IN PARAGRAPH 3
REFTEL. DECONTROL AFTER AUGUST 4, 1976. KISSINGER

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